

September 9, 2019

The Honorable Miguel Santiago
Capitol Office, Room 6027
P.O. Box 942849
Sacramento, CA 94249

Re: AMA opposition to Assembly Bill 1404, Nonprofit sponsors: reporting obligations

Dear Assembly Member Santiago:

On behalf of the American Medical Association (AMA) and our physician and student members, I write to state our opposition to Assembly Bill (A.B.) 1404. If enacted, this legislation would require a health care entity to disclose a contracted physician's complete compensation information, including base compensation, deferred compensation, and any bonuses and incentives that may be part of the physician's total compensation.

If enacted, A.B. 1404 could have significant anti-competitive effects in California health care markets, many of which already suffer from a lack of competition. The disclosure of detailed compensation-related information that A.B. 1404 mandates could facilitate coordinated interaction in California markets that are already highly concentrated, thereby driving the payment of many physicians and health care providers below competitive levels. This adverse impact on payment could harm patient access and the quality of patient care by: forcing physicians to spend less time with their patients; and compromising physicians' and providers' ability to invest in new equipment, technology, training, staff, and other infrastructure that could improve the access to, and quality of, patient care.

The negative impact of A.B. 1404 would likely be felt most in California's rural and underserved areas, where it is often difficult to recruit and retain much-needed physicians and other health care professionals. By reducing payment below competitive levels, A.B. 1404 make recruitment and retention even more problematic, exacerbating California's healthcare workforce shortage. Additionally, making detailed compensation information public may itself discourage providers from entering into contracts, negatively impacting patient care in areas that are already suffering the adverse effects of that workforce shortage.

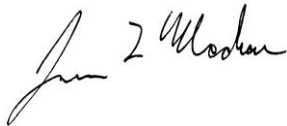
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The AMA supports greater cost transparency that ensures patients and consumers have meaningful information to make informed health care decisions. Unfortunately, the transparency that A.B. 1404 is seeking will do nothing to help patients or address health care costs.

If you have any questions or need additional information, please contact Wes Cleveland, Senior Attorney, AMA Advocacy Resource Center at (312) 464-4503 or wes.cleveland@ama-assn.org.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "James L. Madara".

James L. Madara, MD

cc: California Medical Association
Jack Resenck, MD